

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COLUMBIA GAS OF KENTUCKY, INC.)	
)	
)	
VS.)	CASE NO. 92-489
)	
KENTUCKY-OHIO GAS COMPANY)	
)	
RESPONDENT)	

O R D E R

On November 5, 1992, Kentucky-Ohio Gas Company ("KOG") requested that the Commission approve two special contracts related to providing gas service to two Columbia Gas of Kentucky, Inc. ("Columbia") customers, Bruce Apartments and Gla-Low Apartments. On November 19, 1992, Columbia initiated the instant case by filing a complaint against KOG alleging that KOG needed to obtain a Certificate of Public Convenience and Necessity from this Commission prior to entering into the aforementioned contracts. On February 9, 1993, the Commission issued its Order incorporating KOG's proposed contracts into the record of this proceeding. Data requests were subsequently issued, a hearing was held, and the parties submitted briefs.

After having reviewed the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. KOG's proposed service to the apartment buildings does not constitute a physical bypass of Columbia which would require certification. The existence of competition between two utilities

to serve these loads that are residential in nature and equally accessible to both utilities is not the kind of uneconomic bypass contemplated by Administrative Case No. 297.¹ There would be no duplication of facilities other than service connections to the customers and no shifting of costs contrary to the public interest.

2. The customers KOG seeks to serve under special contract rates are apartment buildings. Therefore, the end-use by the customers is residential. Serving some members of the residential class under special contracts, which may not adequately reflect the cost of service to the class, could lead to improper cross-subsidization. As a result, KOG should serve these customers, if at all, under tariffed rates for residential customers which the Commission has determined to be fair, just, and reasonable.

IT IS THEREFORE ORDERED that:

1. KOG's service to the apartment buildings, as provided pursuant to its tariff rates, shall not require certification.

2. Approval of the proposed special contracts be and hereby is denied.

¹ Administrative Case No. 297, An Investigation of the Impact of Federal Policy on Natural Gas to Kentucky Consumers and Suppliers, Order dated May 29, 1987.

Done at Frankfort, Kentucky, this 2nd day of July, 1993.

By the Commission-

ATTEST:


Executive Director